

**News Release**  
**For immediate release**

**State reduces debt by more than half in 8 years**

INDIANAPOLIS (October 17, 2012) – With the help of legislators and state employees who have won awards for cost-cutting ideas, Governor Mitch Daniels today ceremonially burned the mortgages of 10 state facilities, including the Government Center South and North buildings, announcing the buildings have been paid off with bond reduction payments totaling \$147 million.

Since January 2005, the state has reduced its outstanding debt from \$3.6 billion to \$1.7 billion, a decrease of more than 50 percent. Indiana's debt situation – the third lowest debt per capita for state governments -- is in stark contrast to other states struggling with their fiscal conditions.

“In recent years, the total debt level for all other states has increased by 35 percent, and that doesn't count their massive unfunded pensions burden,” said Daniels. “Here in Indiana, by cutting our debt more than half, we have freed up millions of future revenue for better uses, and told the job creators of the world that here is one place of low taxes and fiscal stability.”

The governor thanked legislators and state employees who have achieved costs savings and efficiencies for taxpayers. Major contributors to the state's debt reduction include:

- \$244 million in revenue collections from the tax amnesty program of 2005-06
- Immediately paying off \$198 million in Indiana Toll Road bonds with proceeds from the lease of the Indiana Toll Road
- \$266 million in savings from outsourcing functions such as food services in correctional facilities and printing and mail services for state government employees

Daniels said the most important contributions have come from the day-in, day-out ideas of state employees, such as combining spending on common items to better leverage the state's purchasing power, renegotiating contracts for products and services, and developing better billing and collection procedures.

“We have diligently worked with the governor over the last eight years helping to spearhead the concept that our state must live within its means. That simple fiscal principle has made our state the envy of the nation,” said House Speaker Brian Bosma. “We will continue to lead with fiscal integrity and work with the next administration in reducing debt and making strategic investments.”

State debt includes facilities such as buildings, prisons, hospitals and parks; state highway debt; Toll Road debt; payment delays to schools, universities and local governments; and Bureau of Motor Vehicles.

The debt on these facilities in Indianapolis previously scheduled to be retired in 2015, has been retired early:

- Indiana Government Center South

- Indiana Government Center North
- Senate Street Parking Garage
- Washington Street Parking Garage
- White River State Park

The debt on these facilities was scheduled to be retired in 2020, but has been retired early:

- Pendleton Juvenile Correctional Facility
- Rockville Correctional Facility

And the debt also has been retired on these facilities, previously scheduled for 2032 or 2033:

- McCarty Street Warehouse, Indianapolis
- PEN Products Warehouse, Plainfield
- New Castle Correctional Facility Annex, New Castle

The state reduced the debt early because it was able to utilize current appropriations and surplus funds, including savings from the refinancing of various bonds. Even after these repayments, the Office of Management and Budget is forecasting fiscal year-end reserves in excess of \$2 billion again next June.

Today's actions eliminate about \$68 million that otherwise would have needed to be spent in the 2014-15 budget, in addition to nearly \$125 million that would have needed to be spent between 2016 and 2033. The effective interest rates on the McCarty Street Warehouse and PEN Products facility, entered about 10 years ago, were 16.2 percent and 14.9 percent, respectively.

Other fiscal facts about Indiana:

- Indiana has maintained its first Triple-A credit rating since being awarded in 2008
- Indiana's expenditures have grown at less than one-quarter of the rate of the previous decade
- Indiana has the fewest state employees per capita in the country
- Indiana has the third lowest debt per capita for state governments (State Budget Solutions, August 2012)
- Indiana has the second lowest debt per private sector worker (State Budget Solutions)
- Indiana has the third lowest debt as a percentage of gross domestic product (State Budget Solutions)